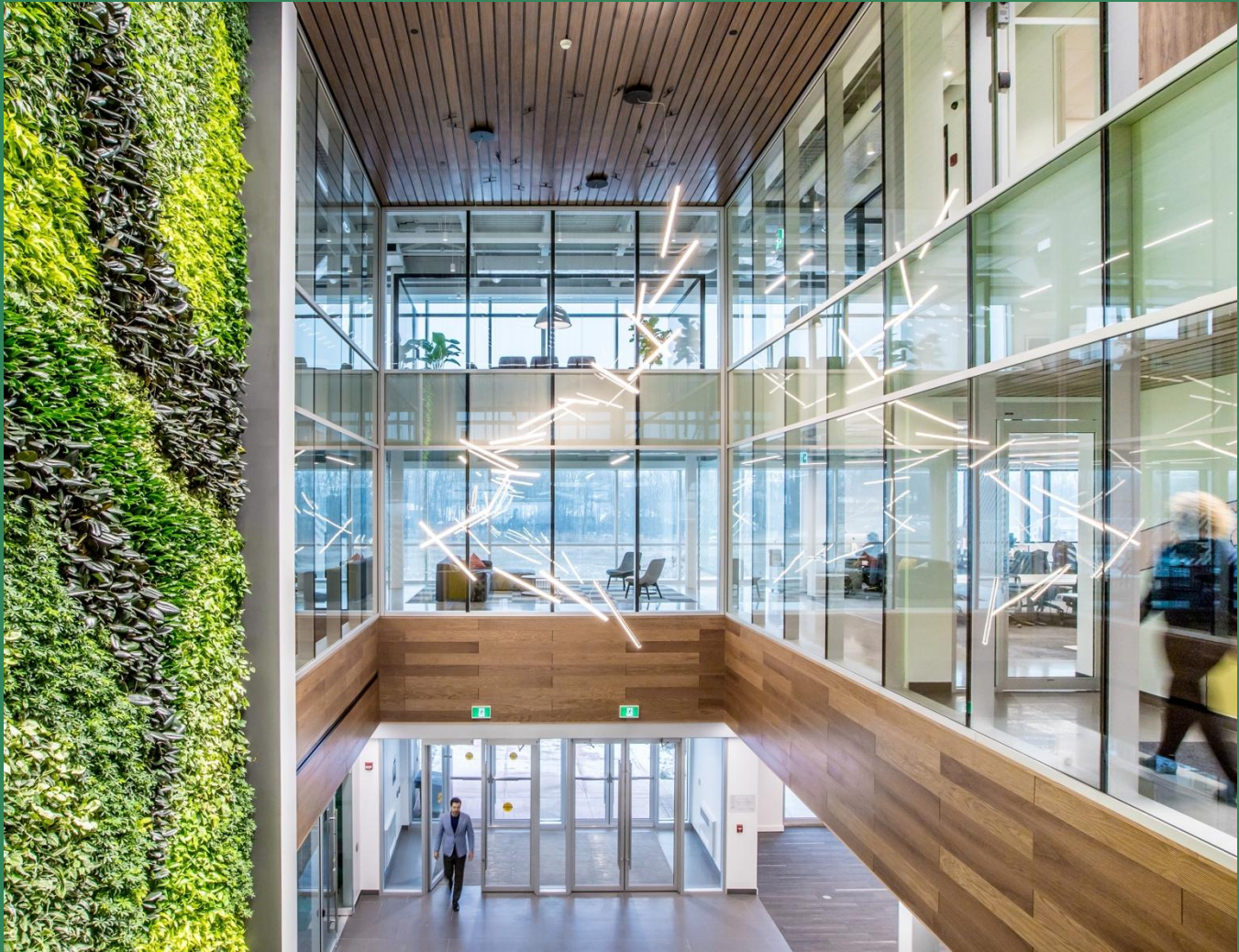


Submission to the prebudget consultation Standing Committee on Finance

August 1st, 2025



Summary of recommendations

1 To prioritize sustainability requirements for affordable housing, the government should

Ensure Build Canada Homes and Canada Mortgage & Housing Corp. (CMHC) include strong, scalable objectives and requirements that enhance existing sustainable building standards to deliver affordable, low-carbon, energy efficient and resilient purpose-built rental and non-market housing.

2 To crowd in private investment in the commercial real estate sector, the government should

Finalize and implement voluntary, made-in-Canada sustainable investment guidelines for buildings by Fall 2026 to provide a clear, credible framework that attracts capital, prevents greenwashing, and aligns building investments with Canada's climate and housing goals.

3 To improve access to whole-building energy data, the government should

Work with provinces and territories to provide timely, standardized access to whole-building utility data across Canada and support the adoption of tools like Energy Star Portfolio Manager to enable benchmarking, reduce costs, and improve transparency. These moves will help investors, governments, and building owners make informed decisions, unlock efficiency gains, and maximize the impact of public and private investments.

4 To maintain the implementation and advancement of the Greening Government Strategy, the government should

Focus investments to ensure the long-term value of federal buildings by reinforcing its leadership in green building practices and accountability through third-party verifications for federal buildings and leased spaces.

Introduction

Canada is at a crossroads. With a worsening housing crisis, economic shifts, and growing pressure from global markets—especially the United States—sustainable building can no longer be seen as a luxury. It must become the standard. As highlighted in the Canada Green Building Council's (CAGBC) latest [policy guide](#), Canada's green building sector already supports over 460,000 jobs and contributes nearly \$50 billion to the national GDP. This sector spans every province and territory, representing a wide range of professionals—from architects and developers to investors and building owners, making it a powerful tool for driving equitable economic growth across the country.

Investing in energy-efficient, resilient buildings is a smart use of public funds. It ensures long-term affordability, better performance, and lower costs. To that end, CAGBC urges the federal government to embed sustainability requirements into major housing initiatives such as the Build Canada Homes and Canada Mortgage and Housing Corporation (CMHC) programs. We also call for the development by Fall of 2026 of the “Made-in-Canada sustainable investment guidelines”, announced in October 2024 and during the campaign. This policy would attract capital, be aligned with Canada's economic objectives, and keep the real estate sector competitive internationally. Further, we recommend improving access to whole-building energy data by collaborating with provinces and territories to enable benchmarking tools like Energy Star Portfolio Manager™, helping reduce costs, boost transparency, and encourage performance improvements.

The need is urgent. CMHC [estimates](#) that to return to 2019 levels of housing affordability, Canada must build between 430,000 and 480,000 homes annually over the next decade—almost twice the current pace. Governments are responding with densification policies and incentive programs, but without changing how we build, we risk locking-in inefficiencies and high operating costs for decades.

Green buildings are part of the affordability solution. They lower energy bills, reduce maintenance costs, and increase climate resilience—protecting homeowners and renters alike from rising utility prices and future regulatory changes. CAGBC continues to lead efforts to shift Canada's housing model toward sustainability through industry collaboration, innovation, and research. We are also expanding partnerships with policy makers to ensure that technical expertise translates into real, sustainable outcomes for the rental housing sector.¹

Canada must quickly scale up the construction of high-performance buildings to meet growing demand for energy-efficient, healthy and comfortable homes and workplaces, as well as take the lead on an economic sector that is growing exponentially. Governments have a critical role to play: by raising the bar for the industry, they can help close the housing gap while building a more affordable, competitive, and climate-resilient Canada. To this end, CAGBC recommends the following actions:

¹ Canada Green Building Council, 2025 Update to Two Million Green Homes (2025), <https://www.cagbc.org/wp-content/uploads/2025/06/2025-Update-to-Two-Million-Green-Homes.pdf>.

1 Prioritize sustainability requirements for affordable housing

Integrating sustainability into affordable housing is both feasible and essential to Canada's response to the housing crisis and the climate emergency. The federal government should ensure that *Build Canada Homes* and CMHC programs include strong, scalable sustainability objectives and requirements that build upon existing green building standards. This is critical to delivering affordable, low-carbon, energy efficient and resilient purpose-built rental and non-market housing.

The following are key benefits of integrating sustainability into affordable housing:

- **Protecting the Value of Public Assets:**
Buildings constructed to high-efficiency standards tend to retain their value—or even appreciate—thanks to their durability, lower operating costs, and future-ready design. This “green premium” strengthens the financial performance of housing assets. In contrast, inefficient buildings risk faster depreciation and lose value over time. By prioritizing sustainability in its housing programs, the federal government can ensure that public investments remain strong, resilient, and aligned with market trends.
- **Successful Models Already Exist Across Canada:**
Cities from [Vancouver](#) to [Ottawa](#) already have affordable, sustainable housing projects that show how green design can improve quality of life. These homes are energy-efficient, low-carbon, and built to last—all while remaining affordable to residents.
- **Lower Costs for Residents Over Time:**
Sustainable housing reduces utility bills through better energy and water efficiency. Research shows that each dollar invested in energy efficiency improvements yields around 2.5 to 5.5 dollars in benefits, including energy savings and enhanced health.² It also cuts down on maintenance and improves comfort and health. These benefits matter most for low- and middle-income Canadians, especially those living in purpose-built rental housing or non-market units. When measuring affordability, we must look beyond the move-in cost and consider the entire life cycle of the building.
- **Better Health for Canadians:**
People spend about 90 percent of their time indoors, so the quality of the indoor environment matters. Green buildings use non-toxic materials, have better ventilation, and maintain healthy temperatures, leading to fewer respiratory problems and allergies. A 2017 study found that certified green buildings reduced asthma and related health issues by 30 percent.³

² American Council for an Energy-Efficient Economy (2025) Maximizing Energy Efficiency. Washington, DC: ACEEE. *Conversion in CAD with August 1, 2025 rate.* Available at: https://www.ase.org/sites/ase.org/files/ase_maximizing_energy_efficiency-pr03_final_2025.pdf

³ P. MacNaughton et al., “The Impact of Working in a Green Certified Building on Cognitive Function and Health,” *Building and Environment* 114 (March 2017): 178–186.

2 Establish Made-in-Canada Sustainable Investment Guidelines for buildings by Fall 2026

Since 2023, the Sustainable Finance Action Council (SFAC) has recommended the development of a green and transition taxonomy to improve capital allocation and reduce investment risk in Canada's building sector. Last October, the federal government announced it would create the Made-in-Canada Sustainable Investment Guidelines by the Fall of 2026, with buildings as one of the priority sectors.

CAGBC strongly support this foundational step toward unlocking economic opportunities through sustainable building practices. Clear definitions for green and transitioning assets will mobilize private investment, drive innovation, and boost the competitiveness of Canadian real estate. A sustainable finance framework will attract capital, curb greenwashing, and build market confidence. These guidelines will give investors and developers clarity on what qualifies as sustainable, aligning financial flows with Canada's housing and economic priorities.

It is even more critical as more markets adopt a taxonomy approach, especially in Europe and the Asia-Pacific region. Canada must remain competitive as global investors demand credible, transparent environmental metrics. A guideline tailored to Canadian conditions would allow the real estate and finance sectors to act proactively and collaboratively.

Australia's example offers a practical blueprint. Its Sustainable Finance Taxonomy, launched in 2025, classifies "green" and "transition" activities, with detailed criteria for buildings based on emissions thresholds. By linking investment eligibility to building performance, Australia has created a clear pathway for sustainable construction and retrofits while supporting investor confidence and reducing greenwashing.

To maintain Canada's competitiveness, a credible framework is needed to guide investment and incentivize "green and transitional" choices. A taxonomy for buildings can fill this gap, enabling market-driven solutions that accelerate the transition to a low-carbon future while fostering innovation, resilience, and long-term economic value.

3 Improve access to whole-building data to drive better performance

Access to accurate, standardized energy data remains a significant challenge for investors and public institutions across Canada. Such data is critical for making informed investment decisions, improving building performance, and managing climate-related risks. However, inconsistent utility data access—especially whole-building data—hinders progress and imposes unnecessary costs, particularly on commercial real estate (CRE) stakeholders operating across multiple provinces.

To address this, the federal government should work with provinces to mandate timely, standardized data sharing by regulators, system operators, and utilities. It should also support adopting a free, accessible web service—such as Energy Star Portfolio Manager (ESPM)—to automate and

streamline data access. These actions would reduce interprovincial barriers, foster transparency, and enhance Canada's competitiveness in the global CRE market.

Improved data access allows building owners to benchmark performance, identify efficiency opportunities, and meet rising expectations from tenants, investors, and regulators while cutting administrative costs. Transparent, reliable data differentiates Canada from other markets, helping attract international investment and unlocking innovation in the building sector.

Finally, whole-building data is essential for evaluating the impact of public investments in energy efficiency and clean technology. Without it, governments will struggle to measure outcomes or direct funds where needed effectively. Standardizing access policies strengthens accountability, enables better public-private collaboration, and ensures energy and climate programs deliver long-term economic and environmental value.

4 To maintain the implementation and the advancement of the Greening Government Strategy

The CAGBC encourages the Government of Canada to continue investing in the Greening Government Strategy as a fiscally responsible approach to public infrastructure. High-performance green buildings deliver measurable economic benefits, including lower operating costs, increased asset value, and improved occupant productivity and health. These outcomes represent a strong return on investment for public funds and contribute to long-term budgetary efficiency.

To ensure transparency and measurable progress toward the objective of emissions reductions and overall strategy, the government should continue to seek third-party certification — such as LEED or Zero Carbon Building Standards — for new construction, major retrofits, and leased spaces. These certifications provide credible verification of building performance and align with global best practices.

The [2022 report by the Office of the Auditor General](#) underscored the importance of independent verification, which highlighted the need for more consistent and transparent reporting on greenhouse gas emissions from federal buildings. Third-party certification helps address these gaps by ensuring accountability and performance validation.

Continued federal leadership in green buildings also supports innovation, clean growth, and job creation across Canada's building sector. Certified buildings deliver lower operating costs, improved resilience, and healthier environments, making them a smart, long-term investment of public funds.

By continuing to invest in the Greening Government Strategy and seeking third-party verification, the federal government can lead by example, accelerate climate action, and build a more sustainable future for all Canadians.

Conclusion

In the fast-changing economic landscape, the Canadian building sector must evolve to become more affordable, competitive, and resilient. Achieving this requires bold, coordinated action on four interconnected fronts: embedding sustainability into affordable housing, setting national investment guidelines for sustainable buildings, improving access to whole-building energy data, and maintaining momentum on the federal government's own climate commitments.

By prioritizing sustainability in Build Canada Homes and CMHC standards, Canada can deliver affordable, cost-effective, low-carbon, and climate-resilient housing. Finalizing voluntary, made-in-Canada sustainable investment guidelines will give investors clarity and confidence, aligning financial flows with national climate and housing priorities while reducing the risk of greenwashing.

Meanwhile, ensuring consistent access to whole-building utility data will empower building owners, investors, and governments to benchmark performance, optimize investments, and evaluate outcomes, laying the foundation for smarter, more transparent decision-making across the sector.

At the same time, strengthening the implementation of the Greening Government Strategy—through transparent emissions reporting, departmental net-zero planning, risk management, and financial tracking—will demonstrate federal leadership, reinforce accountability, and help Canada stay on track to decarbonize all federal buildings by 2050.

Together, these recommendations offer a clear roadmap for transforming Canada's built environment. They support inclusive economic growth, attract investment, and ensure that public and private resources deliver durable value in the face of climate, affordability, and energy challenges.